

HOUSE BILL NO. 279

INTRODUCED BY M. REINHART, DI. BARRETT, BECKER, BOLAND, BOSS RIBS, CAMPBELL, EBINGER,
FLEMING, FRENCH, GRINDE, HAMILTON, MACDONALD, MALEK, MCALPIN, MCCLAFFERTY,
MENAHAN, A. NOONAN, P. NOONAN, PHILLIPS, SANDS, VINCENT

A BILL FOR AN ACT ENTITLED: "AN ACT PROHIBITING THE DEPARTMENT OF TRANSPORTATION FROM
RECOVERING INDIRECT COSTS FOR CERTAIN PROGRAMS FINANCED BY FEDERAL FUNDS THROUGH
THE DEPARTMENT THE COMMUNITY TRANSPORTATION ENHANCEMENT PROGRAM; AND AMENDING
SECTION 17-1-106, MCA."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 17-1-106, MCA, is amended to read:

"17-1-106. Agency recovery of indirect costs -- ~~exemptions~~ EXEMPTION. (1) An agency receiving
nongeneral funds shall, in accordance with all applicable regulations, guidelines, or grant rules governing those
funds, negotiate indirect cost reimbursement amounts and methodologies so that the agency may recover indirect
costs.

(2) An agency, except for a unit of the university system, that applies for or otherwise receives funds
through federal or private grants or contracts that do not allow the agency to fully recover indirect costs shall notify
and must receive written approval from its approving authority prior to accepting the funds.

(3) The department of transportation may not recover indirect costs from a local government for the
following programs financed by federal funds:

—— (a) community transportation enhancement program;

—— (b) congestion mitigation and air quality improvement program; or

—— (c) surface transportation program-urban.

~~(3)~~(4) An agency, except for a unit of the university system, may not, as part of the grant or contract
proposal or negotiation process, waive or otherwise forfeit the agency's ability to recover indirect costs that are
otherwise allowable costs under the program, except for intra-agency or interagency grants or contracts. For
grants or contracts for which the entity providing the funds limits administrative cost reimbursements or indirect
cost recoveries by regulation, policy, or guideline, statewide and agency indirect costs paid originally from the

1 general fund must be claimed first, other indirect costs must be claimed second, agency direct costs of
2 administration must be claimed third, and program direct costs must be claimed last. For grants or contracts for
3 which there is no limit on indirect costs or administrative costs, indirect and administrative costs must be claimed
4 first and direct program costs must be claimed last.

5 ~~(4)~~(5) Each agency receiving federal funds and not directly charging a grant or program for the recovery
6 of indirect costs shall submit an indirect cost proposal to the appropriate federal agency. The department shall
7 provide technical assistance to an agency on how to build an indirect cost proposal.

8 ~~(5)~~(6) Except as provided for a unit of the university system under 20-25-427, indirect costs recovered
9 by an agency to pay the agency's indirect costs under 17-1-105 must be deposited as provided in 17-1-105. All
10 other indirect costs must be deposited in the fund from which the indirect costs were originally paid."

11 - END -